Tax Court of Canada

1984–85 Estimates

Part III

Expenditure Plan

38

The Estimates Documents

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. Part III provides additional detail on each department and its programs primarily in terms of the results expected for the money spent.

Further guidance on locating the information contained in each Part can be found in the "Guide to the Estimates of the Government of Canada".

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Part III

Tax Court of Canada

Preface

This Expenditure Plan is designed to be used as a reference document, and as such contains several levels of detail to respond to the various needs of its audience.

This Plan is divided into two sections. Section I presents an overview of the program including a description, information on its background, objectives and planning perspective, as well as performance information that form the basis for the resources requested. Section II provides further information on costs and expenditures by object which the reader may require to understand the program more fully.

In order to provide continuity with other Estimates documents, Section I is preceded by extracts from Part II of the Estimates.

This document is designed to permit easy access to specific information that the reader may require. The table of contents provides a detailed guide to the contents of each section. In addition, references are made throughout the document to allow the reader to find more details on items of particular interest.

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Extracts from Part II of the Estimates

Appropriation Authority

The Administration of the Tax Court of Canada requests authority to spend $4,011,000 on its operations during the 1984-85 fiscal year. Contributions to employee benefit plans of $214,000 will be made under existing statutory authority.

Financial Requirements by Authority

	ESTIMATES		
	1984-85	1983-84	Change
	$	$	$
Budgetary			
Vote 50 - Tax Court of Canada Program Expenditures	4,011,000	1,707,000	2,304,000
Statutory - Contributions to Employee Benefit Plans	214,000	149,000	65,000
Item not required for 1985-85			
Members' Salaries, Allowances and Annuities and amounts paid pursuant to subsection 19(1) of the Tax Review Board Act		632,000	(632,000)
Total Program	4,225,000	2,488,000	1,737,000

Section I
Program Overview

A. Highlights

On July 18, 1983, Bill C-167 was proclaimed. This Act created the Tax Court of Canada which is a continuation of the Tax Review Board and gave the court the original jurisdiction to hear and determine appeals to the Court on matters arising under the Income Tax Act, the Canada Pension Plan, and the Petroleum and Gas Revenue Tax Act. As of September 30, 1983, the Court was also given the responsibility for hearing appeals on matters arising under Part IV of the Unemployment Insurance Act, 1971.

In order to fulfill its mandate and to achieve its objective in an expeditious manner, the size of the court was increased from seven Judges (formerly Members of the Tax Review Board) to 13 Judges. This Act also authorized the appointment of Deputy Judges. It is expected the Court will utilize nine Deputy Judges in 1984-85.

With the proclamation of the Act, the Administration of the Tax Court of Canada became independent of the Department of Justice and is totally responsible for its services, including the management of Financial, Personnel, Administrative functions and all other services usually required by a Department.

In order to accommodate the increased complement of the Court. new Ottawa Court facilities were obtained in the last half of the 1983-84 fiscal year.

During 1984-85, the Administration of the Tax Court of Canada plans to concentrate upon the following priorities:

- improve the courtroom facilities in Toronto and Vancouver;
- make arrangements to share court accommodations with the Federal Court of Canada wherever possible throughout Canada; and
- finalize the development and implementation of the management information system, the contracting of Court Registrars procedures, word processing and the Financial Management and Personnel Service functions.

B. Financial Summary

Figure 1: Financial Summary by Activity ($000)

	Estimates 1984-85	Forecast 1983-84	Change
Administration of the Tax Court of Canada	4,225	2,671	1,554
Authorized person-years	62	47	15

The increase of $1,554,000 and 15 person-years in resource requirements from 1983-84 to 1984-85 is due to the following factors:

- The appointment of the new Judges and Deputy Judges and the hiring of their administrative support staff was carried out in the latter half of 1983-84 thus resources were only required for a portion of the fiscal year. In 1984-85 resources are required to carry out these activities for a full fiscal year.
- The increased size of the Court required to handle the increase in the volume of appeals filed and the number of appeals heard and adjudicated.
- The transfer to the court of the Financial Management, Personnel Services and Administrative Services responsibilities.

C. Background

1. Introduction

The program provides Administrative services to the Tax Court of Canada which has original jurisdiction to hear and determine appeals to the Court on matters arising under the Income Tax Act, the Canada Pension Plan, the Petroleum and Gas Revenue Tax Act and Part IV of the Unemployment Insurance Act, 1971.

2. Legal Mandate

The Tax Court of Canada is established under the authority of the Tax Court of Canada Act, July 18, 1983.

3. Program Objective

The objective of the Program is to provide an easily accessible and independent court for the informal and expeditious disposition of disputes between taxpayers and the Minister of National Revenue.

4. Program Description

The program description is the Administration of the Tax Court of Canada which provides Administrative services to the Judges including Court Reporters and Court Registrars for sittings, record managment, library services, court facilities, office accommodations and other administrative services, as well as providing statistical management reports to the Chief Judge to assist him in resource allocation decisions with regard to the scheduling of sittings.

5. Program Organization for Delivery

Activity Structure: The Program consists of one activity which provides for the Administration of the Tax Court of Canada.

Organization Structure: The Court, whose headquarters are located in Ottawa, is comprised of the Chief Judge, the Associate Chief Judge and eleven other Judges all of whom are appointed by the Governor in Council. The Chief Judge, in order to cope with the purely judicial workload, is also provided with the authority to recommend for appointment retired federally and provincially appointed Judges to act as Deputy Judges of the Court.

The Chief Judge is responsible for the apportionment of the work among the Judges and the assignment of individual Judges to specific sittings of the Court. The Court has its own court accommodations in Vancouver, Edmonton, London, Toronto and Montreal, and also sits at various other locations throughout Canada, sitting in every province at least once a year. No staff is situated at these locations unless the Court is in session.

The Registrar, who is the Deputy Head of the staff of the Court is appointed by the Governor in Council. He is answerable to the Commissioner for Federal Judicial Affairs who in turn reports to the Minister of Justice. The Registrar is responsible for the administration of the Court and is assisted by the Deputy Registrar who is also appointed by the Governor in Council. The Program supports the Tax Court through the work of the following organizational units.

Registrar: The Registrar is responsible for overall direction of the administration of the Court.

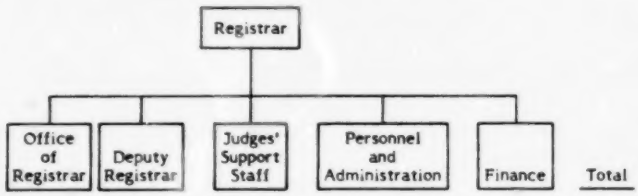
Deputy Registrar: The Deputy Registrar is supported by the Court Registrars who provide administrative assistance to the Judges at hearings and by the Registry which processes all legal documents filed.

Judges' Support Staff: The Judges' support staff provide secretarial services directly to the Judges.

Personnel and Administration: The Personnel and Administration unit provides to the Court Personnel Services and Administrative Services which include courtroom and courtroom facilities, office accommodations, furniture and equipment, printing and publications, stationery and supplies and library services.

Finance: The Finance unit provides Financial Management and Statistical Management reporting for the Court.

Figure 2: Resources by Organization ($000)



Administration	250	1,315	436	1,312	251	3,564
Deputy Judges' Salaries & Allowances	-	-	-	-	661	661
Total	250	1,315	436	1,312	912	4,225
Person-Years	4	18	15	20	5	62

D. Planning Perspective

1. Environment

Legislative: The direction and nature of the administration of the Tax Court is determined by the content of the Tax Court of Canada Act and the Judges Act. Consequently, changes to either of these Acts could have a significant impact upon the program.

Changes in the Income Tax Act, the Canada Pension Plan, the Petroleum and Gas Revenue Tax Act, and Part IV of the Unemployment Insurance Act, 1971, could have a significant impact not only on the volume of appeals filed but on the complexity of the appeals heard.

Social and Economic Conditions: Various social and economic factors have a bearing upon the Program. As the public has become more aware of its rights, more taxpayers tend to appeal. For example the percentage of appeals filed in the French language, as compared to the total number of appeals filed, has

increased from 11.4% in 1980 to 18.5% in 1982. It is expected that this trend will continue.

Recent economic conditions appear to have caused a major increase in the number of income tax appeals. Figure 3 displays this situation.

Figure 3: Number of Appeals Filed

	1981	1982	1983 (to December 7)
Number of appeals filed	1,724	2,265	2,530
Monthly average	144	189	224
% of 1981	100.0	131.3	155.6

As shown the appeals arising under the Income Tax Act have increased by 55.6% in less than two years.

2. Initiatives

A major concern to the Court is this large influx of appeals resulting in a backlog which in turn greatly increases the waiting time for appellants. This may be the major reason why the percentage of appeals reaching adjudication has dropped significantly in the last few years as shown in Figure 4.

Figure 4: Percentage of Appeals Adjudicated

	1980	1981	1982
Total appeals disposed of (adjudicated, withdrawn, etc.)	1,465	1,487	1,558
Adjudicated by Judges	789	733	683
% adjudicated	53.9	49.3	43.8
% of 1980	100.0	91.5	81.3

In order to help alleviate the backlog situation, the Tax Court of Canada Act authorized an increase in Judges from seven to thirteen and provided for the appointment of Deputy Judges. In 1984-85 the appointment of the new Judges, as well as the appointment of nine Deputy Judges will have been completed. With this increased number of Judges available to hear cases the Chief Judge has set an objective to reduce the backlog of appeals to one year's workload within a two year period.

In order to assist and support the Chief Judge in achieving his objective and to ensure an effective and efficient operation, the Administration has undertaken the following initiatives:

- implementation of computerized research facilities to reduce the research time required by Judges;
- introduction of word processing equipment to provide more effective services to the Judges at a lower cost; annual savings of $100,000 are expected in this area;
- microfilming of manual records to reduce space requirements; anticipated savings of $10,000 annually;
- development of modern financial and statistical management reporting systems to assist the Court in monitoring its operation and in allocating its resources;
- upgrading the courtoom facilities in Toronto and Vancouver;
- hiring Court Registrars on contract rather than as permanent staff potentially saving $350,000 annually; and
- sharing courtroom facilities with the Federal Court of Canada wherever possible constituting savings of several millions of dollars.

3. Program Effectiveness

The Program is to provide appellants with assistance and advice necessary to bring their cases to the Court. Its effectiveness can be measured in part by its responsiveness to appellants and in its ability to provide appellants with the opportunity to have their cases heard at a location convenient to them.

Access: For appeals arising under the Income Tax Act, the Court sits in 24 major centres throughout Canada thus appellants need not travel outside their own areas in order to have their cases heard. Appeals arising under the Unemployment Insurance Act, 1971, the majority of which are heard by Deputy Judges, are heard in over 70 locations throughout Canada.

Expeditious Processing: The lapsed time between the date an appeal is filed and the date which it is heard or disposed of is not completely within the Program's control. Because of the backlog, it is largely determined by the availability of Judges to hear the cases. The Program ensures that the appeals are ready for hearing when scheduled and are presented for hearings in chronological order.

Informality: The Court is not bound by technical rules of evidence and taxpayers may argue their cases on their own if they so desire.

4. Performance Information/Resource Justification

The resource requirements of the Program are principally based on the following factors:

- the complexity of cases adjudicated;
- the number of appeals filed; and
- the number of cases heard and adjudicated.

Complexity: The Income Tax Act has become increasingly complex which has a direct and significant effect on the Program as illustrated in Figure 5 as follows:

Figure 5: Average Number of Appeals Adjudicated Per Judge

	1980	1981	1982
Appeals adjudicated	789	733	683
Number of Judges	7	6.25	7
Average number of appeals adjudicated per Judge	113	117	97
As at percentage of 1980	100.0	103.6	85.8

The complexity of appeals necessitates the appointment of additional Judges. The Program must therefore provide resources to support these Judges.

Number of Appeals: The resource requirements of the Program are in part directly related to the number of appeals filed. As outlined under the Initiatives section of this plan, the Court has implemented several efficiency measures in order to minimize the resources required to handle appeals. Figure 6 shows the actual and expected number of appeals filed, the number of direct person-years required to handle these appeals and as a measure of efficiency, the number of appeals per person-year from 1980 to 1984.

Figure 6: Number of Appeals Per Person-year

	1980	1981	1982	1983	1984
Number of appeals filed					
- Income Tax	1,779	1,724	2,265	2,712	3,000
- Unemployment Insurance	N/A	N/A	N/A	150	300
Total number of appeals filed	1,779	1,724	2,265	2,862	3.300
Number of person-years required to handle appeals	26	26	26	29	33
Number of appeals per person-years	68.4	66.3	87.1	98.7	100.0

Cases Heard and Adjudicated: The number of cases heard and adjudicated has a direct bearing on the resources provided by the Program for Court Registrars, Court Reporters and secretarial support. Efficiency measures have also been developed by the Court in this area. Figure 7 shows the actual and expected number of appeals adjudicated and to be adjudicated, the number of person-years related to adjudication and as a measure of efficiency, the number of appeals adjudicated per person-year from 1980 to 1984.

Figure 7: Number of Appeals Adjudicated Per Person-Year

	1980	1981	1982	1983	1984
Number of appeals adjudicated	789	733	683	873	2,134
Number of person-years related to adjudication	14	14	14	16	23
Number of appeals adjudicated per person-year	56.4	52.4	43.1	54.6	92.8

With the proclamation of the Tax Court of Canada Act, two person-years were required in 1983-84 and six in 1984-85 to administer the Court's Financial Management and Personnel Services.

Section II
Supplementary Information

A. Analysis by Object

1. Expenditure by Object

Figure 8: Expenditures by Object ($000)

	Estimates 1984-85	Forecast 1983-84	Actual 1982-83
Personnel			
Salaries and Wages	2,150	1,290	1,332
Contributions to Employee Benefit Plans	214	149	144
	2,364	1,439	1,476
Goods and Services			
Transportation and Communications	821	303	276
Information	-	-	4
Professional and Special Services	712	412	131
Rentals	18	18	5
Purchased Repair and Upkeep	8	6	8
Utilities, Materials and Supplies	227	82	51
All Other Expenditures	2	1	1
	1,788	822	476
Capital			
Construction and Acquisition of Machinery and Equipment	73	391	5
Grants, Contributions and Other Transfer Payments	-	19	20
Total expenditures	4,225	2,671	1,977

2. Personnel Expenditures

In 1984-85 the Tax Court of Canada will utilize approximately 56.6% of its resources on personnel costs. Figure 9 illustrates the average annual salary by employment category.

Figure 9: Authorized Person-Years and Salary Provision

	Authorized Person-Years			Current Salary Range	1984-85 Average Salary Provision
	84-85	83-84	82-83		
Executive (Governor in Council)	2	2	2		44,810
Scientific and Professional	3	-	1	13,609 - 85,140	19,528
Administrative and Foreign Services	21	12	8	12,158 - 63,097	32,586
Administrative Support and Other	36	33	29	12,034 - 35,362	21,319

The person-year column displays the forecast distribution by occupational group of the authorized person-years for the program. The average salary column reflects the estimated base salary costs including allowance for collective agreements, annual increments, promotions and reclassifications divided by the person-years for the occupational group. Year-to-year comparison of averages may be affected by changes in the distribution of the components underlying the calculations.

B. Cost Analysis

Net Program Cost

Figure 10: Net Cost of Program for the Year 1984-85 ($000)

	Operating Expenditures 1984-85	Add Other Costs	Total Cost 1984-85	Total Cost 1983-84
Tax Court of Canada	4,225	1,661	5,886	3,512

Other costs consist of services provided without charge by other departments include accommodation charges from Public Works ($1,608,000), services provided by Supply and Services Canada ($5,000) and Treasury Board ($48,000).